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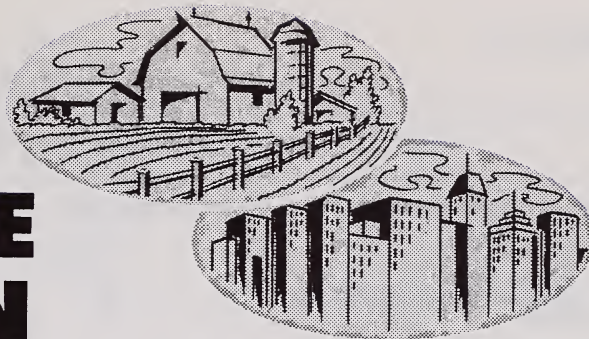
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DEMAND AND PRICE SITUATION



U. S. DEPT. OF AGRICULTURE
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U. S. DEPARTMENT OF
AGRICULTURE

Table 1.--Economic factors affecting agriculture

Item	Unit or base period	1965			1966		
		Year	Mar.	Dec.	Jan.	Feb.	Mar.
Industrial production <u>1/</u> <u>2/</u>	: 1957-59=100	: 143	141	149	150	151	153
Final products	: do.	: 142	140	149	149	151	152
Consumer goods	: do.	: 140	140	144	144	145	146
Autos	: do.	: 183	194	182	180	178	184
Equipment, including defense	: do.	: 147	140	159	161	164	166
Materials	: do.	: 144	142	148	150	152	153
Construction: <u>3/</u> <u>4/</u>	: :	: :	:	:	:	:	:
Total outlays	: Mil. dol.	: 71,648	71,170	75,094	75,105	76,458	74,980
Public construction	: Mil. dol.	: 21,649	21,756	21,649	21,816	21,828	21,840
Private residential	: Mil. dol.	: 26,689	26,602	26,684	27,460	27,339	27,049
Housing starts, private only	: Thousands	: 1,505	1,489	1,769	1,611	1,365	1,543
Manufacturers' shipments, orders, and inventories: <u>2/</u> <u>3/</u>	: :	: :	:	:	:	:	:
Total shipments	: Mil. dol.	: 40,279	40,285	42,622	42,665	42,705	---
Durable goods	: Mil. dol.	: 21,020	21,284	22,316	22,307	22,436	---
Unfilled orders	: Mil. dol.	: 66,068	58,595	66,068	67,388	68,700	---
Inventory stocks, book value <u>5/</u>	: Mil. dol.	: 68,015	63,708	68,015	68,594	69,018	---
Durable goods	: Mil. dol.	: 42,324	38,972	42,324	42,589	42,779	---
Employment and wages: <u>2/</u> <u>6/</u>	: :	: :	:	:	:	:	:
Total civilian employment	: Millions	: 72.2	71.5	73.4	73.7	73.5	73.4
Nonagricultural	: do.	: 67.6	66.9	69.0	69.3	69.1	69.1
Unemployment	: do.	: 3.5	3.5	3.1	3.0	2.8	2.9
Workweek in manufacturing	: Hours	: 41.1	41.3	41.4	41.5	41.6	41.6
Hourly earnings in manufacturing, unadj.	: Dollars	: 2.61	2.59	2.66	2.67	2.67	2.68
Income and spending:	: :	: :	:	:	:	:	:
Personal income <u>3/</u> <u>4/</u>	: Bil. dol.	: 530.7	517.8	550.9	552.3	557.2	561.0
Consumer credit outstanding <u>1/</u> <u>5/</u>	: Mil. dol.	: 85,983	76,085	85,983	85,089	84,607	---
Automobile	: Mil. dol.	: 28,201	25,063	28,201	28,149	28,255	---
Total retail sales <u>2/</u> <u>3/</u>	: Mil. dol.	: 23,660	22,884	24,793	25,023	25,472	25,643
Durable goods	: Mil. dol.	: 7,806	7,597	8,223	8,324	8,456	8,568
Inventory stocks, book value <u>5/</u>	: Mil. dol.	: 33,957	32,260	33,957	34,113	34,427	---
Prices: <u>6/</u>	: :	: :	:	:	:	:	:
Wholesale prices, all commodities	: 1957-59=100	: 102.5	101.3	104.1	104.6	105.4	105.4
Commodities other than farm and food	: do.	: 102.5	102.0	103.2	103.5	103.8	104.0
Farm products	: do.	: 98.4	95.4	103.0	104.5	107.4	106.8
Foods processed	: do.	: 105.1	101.8	109.4	110.3	111.8	111.7
Consumer price index, all items	: do.	: 109.9	109.0	111.0	111.0	111.6	112.0
Food	: do.	: 108.8	106.9	110.6	111.4	113.1	113.9
Prices received by farmers <u>7/</u>	: 1910-14=100	: 248	239	259	263	272	271
Crops	: do.	: 232	237	223	228	236	233
Livestock and products	: do.	: 261	241	289	293	302	303
Prices paid, interest, taxes and wage rates <u>7/</u>	: 1910-14=100	: 321	318	324	327	329	331
Family living items	: do.	: 306	303	309	309	312	314
Production items	: do.	: 276	273	278	281	282	284
Priority ratio <u>7/</u>	: :	: 77	75	80	80	83	82
Farm income and marketings: <u>7/</u>	: :	: :	:	:	:	:	:
Volume of farm marketings	: 1957-59=100	: 118	88	132	131	90	92
Cash receipts from farm marketings	: Mil. dol.	: 38,930	2,452	3,698	3,648	2,754	2,900

Annual data for most of these items for years 1929, 1941, 1947 and 1952-65 appear on page 35 of this issue

The Demand and Price Situation.

1/ Federal Reserve Board. 2/ Seasonally adjusted. 3/ U. S. Department of Commerce. 4/ Seasonally adjusted annual rates. 5/ End of year or month. 6/ U. S. Department of Labor. 7/ U. S. Department of Agriculture.

THE DEMAND AND PRICE SITUATION

Approved by the Outlook and Situation Board, May 2, 1966

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SUMMARY

Farm product prices rose during the past year and in the first quarter of 1966 they averaged 13 percent above a year earlier. Livestock and livestock product prices averaged a fourth higher--meat animal prices were up a third--and prices of commercial vegetables averaged more than a fourth higher as adverse weather cut production. While there was a substantial expansion in domestic and foreign demand, most of the strength in meat animal prices was due to reduced hog production. Farm product prices leveled off in March and declined in April. The index of prices received by farmers may have passed its peak for the year. Production increases already underway and in prospect for major livestock and some crops point to lower average prices later this year, especially for livestock, poultry and eggs, potatoes, and commercial vegetables. But for the year as a whole, prices are expected to average above 1965.

Upward price pressures are evident in many sectors of the economy. The wholesale price level in the first quarter averaged 3.9 percent above a year ago and stood at 105.1 (1957-59=100). Prices of industrial commodities, which have been creeping up for more than a year after a considerable period of overall stability, averaged 2 percent above a year earlier in the first quarter. Retail food prices were up 6 percent.

Farmers have taken steps to increase production, particularly of livestock in response to higher prices. Cattle feeders report intentions to market 12 percent more fed cattle in April-June than a year earlier. Although slaughter

Table 2.--Agricultural prices, marketings, and income, 1964 to date

Item	Unit	1964				1965				1966			
		Year	I	II	III	IV	Year	I	II	III	IV	Year	I
Prices received by farmers	: 1910-14=100:	236	238	250	251	252	236	238	250	251	252	248	269
Crops	: 1910-14=100:	238	235	245	228	220	238	235	245	228	220	232	232
Livestock and products	: 1910-14=100:	235	239	255	271	279	235	239	255	271	279	261	299
Prices paid, interest, taxes and wage rates	: 1910-14=100:	313	318	322	322	323	313	318	322	322	323	321	329
Family living items	: 1910-14=100:	300	303	306	306	307	300	303	306	306	307	306	312
Production items	: 1910-14=100:	270	273	277	277	277	270	273	277	277	277	276	282
Parity ratio	:	76	75	78	78	78	76	75	78	78	78	77	82
Volume of farm marketings	: 1957-59=100:	118	99	93	124	158	118	99	93	124	158	118	104
Crops	: 1957-59=100:	119	84	63	131	200	119	84	63	131	200	120	96
Livestock and products	: 1957-59=100:	117	111	114	119	126	117	111	114	119	126	117	110
Cash receipts from farm marketings ^{1/}	: Bil. dol.:	36.9	7.9	7.9	10.1	13.0	36.9	7.9	7.9	10.1	13.0	38.9	9.3
Crops	: Bil. dol.:	17.1	3.1	2.7	4.5	6.8	17.1	3.1	2.7	4.5	6.8	17.1	3.4
Livestock and products	: Bil. dol.:	19.8	4.8	5.2	5.6	6.2	19.8	4.8	5.2	5.6	6.2	21.8	5.9
Farmers' realized net income ^{2/}	: Bil. dol.:	12.9	12.5	14.8	14.5	14.4	12.9	12.5	14.8	14.5	14.4	14.1	15.3

^{1/} Seasonally adjusted annual rates are: 1965-I, \$36.7 billion; II, \$39.5 billion; III, \$39.3 billion; and IV, \$40.0 billion. 1966-I, \$40.8 billion.

^{2/} Seasonally adjusted annual rates.

U. S. Department of Agriculture.

supplies of hogs are expected to average below a year earlier during the second quarter, the margin is expected to narrow. With a 8 to 9 percent larger spring pig crop than last year in prospect, slaughter rates will move above year-earlier levels after midyear and may substantially exceed year-earlier rates by the closing months of this year. Recent reports on hatchings and egg settings point to further increases in production of broilers, and turkeys.

Domestic and foreign demand continued especially strong through the first quarter this year. With the sharp advance in economic activity, the gross output of goods and services in the first quarter was valued at over $8\frac{1}{2}$ percent above a year earlier. Prospective increases in output (current dollars) now indicated for the public and private sectors could result in a Gross National Product in 1966 of 8 to $8\frac{1}{2}$ percent above 1965. Increased employment and higher wage rates have increased consumer incomes to a rate 7 percent above a year ago and consumer expenditures have risen even more. With the economy operating near capacity rates and demand especially strong, labor shortages have appeared in a number of sectors. In recognition of developing price pressures, some excise taxes, which had been reduced, were restored. A step-up in personal and corporate income tax payments had been scheduled, and the Administration stated that further restrictive measures would be proposed, as needed.

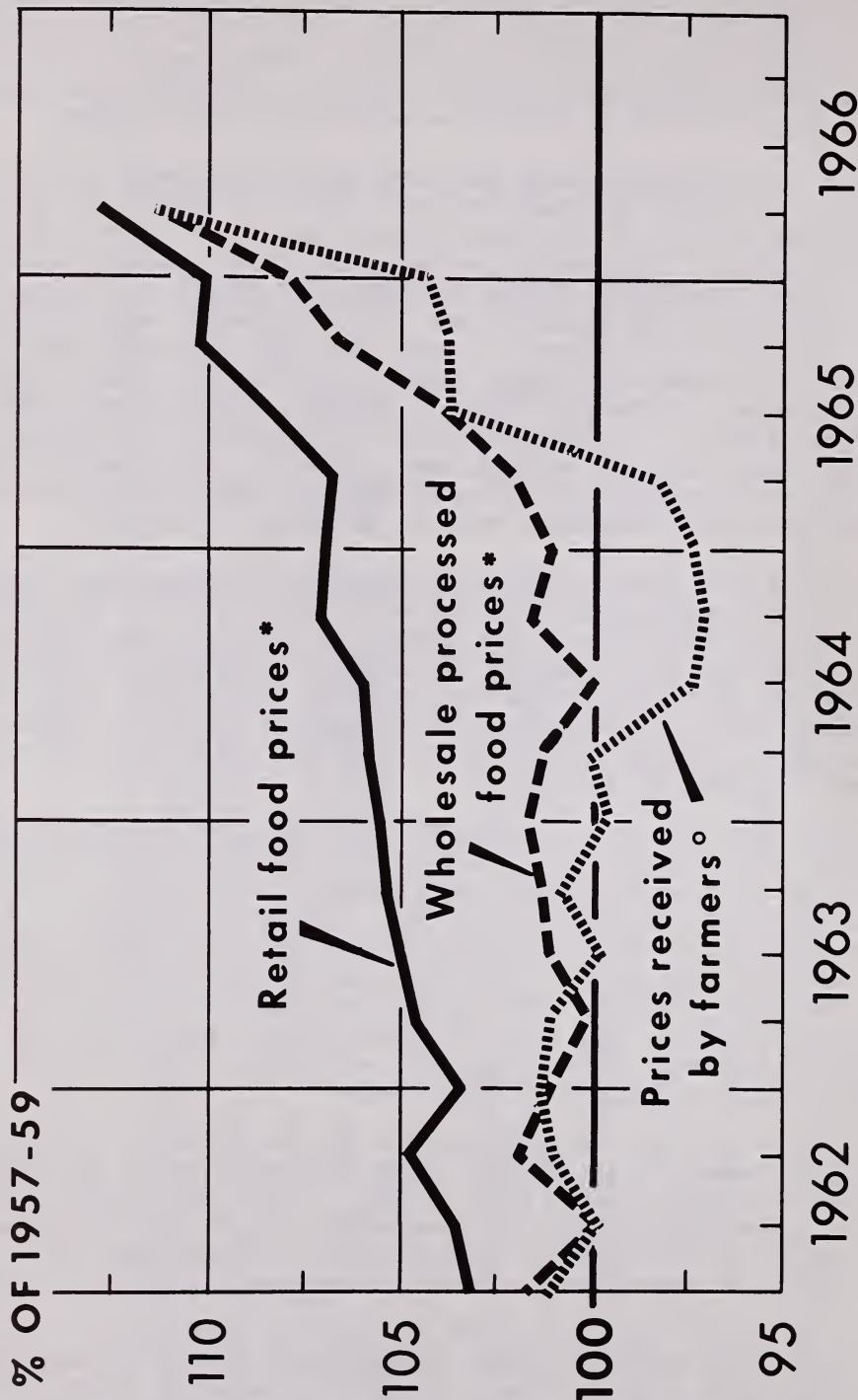
Exports of farm products also are running at a record pace. The total for fiscal 1965-66 may be some 8 to 10 percent above the \$6.1 billion rate in the two preceding fiscal years. The quantities of wheat, rice, feed grains, soybeans, and soybean meal exported are expected to be higher while those for cotton, vegetable oils, and animal fats probably will be down from 1964-65 levels. These exports reflect expanding commercial markets to Western Europe, Japan, and Canada, together with some increase in program exports, including larger wheat shipments to India.

Although lower farm product prices are in prospect for later this year, prices likely will average higher than in 1965, possibly about 3 percent. With a larger volume of farm marketings, cash receipts are expected to total around \$2 billion above the \$38.9 billion in 1965. Government payments to farmers are expected to increase by about a billion dollars above the \$2 $\frac{1}{2}$ billion in 1965. However, commodity program costs will not rise by this amount because of changes in cotton and wheat programs. The increase in payments is mostly an offset to the large payments which were required to make cotton competitive in the domestic market with man-made fibers and in the world market with foreign cotton, and to permit wheat to compete in world trade.

Farm production expenses are expected to rise more than average this year. Prices paid by farmers for production items, interest, taxes, and wages are running about 4 percent above a year earlier. Larger outlays are indicated for such current operating expenses as purchased livestock, fertilizer, and many miscellaneous items. Charges for such overhead items as taxes, interest on long-term debt, and depreciation also will be up sharply again in 1966.

Realized net farm income in 1966 is expected to increase by about \$1 billion above the \$14.1 billion in 1965, higher than any year on record except for the post-World War II years of 1947 and 1948. Average net income per farm, as well as per capita disposable personal income of farm people, will reach a new high in 1966.

FOOD PRICES: RETAIL, WHOLESALE, FARM



* BUREAU OF LABOR STATISTICS DATA. ° ALL FARM COMMODITIES.

GENERAL AGRICULTURAL SITUATION

Farmers in 1966 will likely experience, along with the rest of the economy, one of their most prosperous years. Realized net farm income probably will be around a billion dollars above the \$14.1 billion estimated for 1965--higher than any year of record except for 1947 and 1948. And, average net realized income per farm as well as the per capita personal income of farm people will rise to record levels.

Demand for farm products--domestic and foreign--continued exceptionally strong in the first quarter. This, together with reduced supplies of red meats, eggs, milk, and some vegetables pushed farm prices higher through the first quarter of 1966. The index of prices received by farmers leveled off in March then declined in April. The current supply outlook indicates that the index of prices received may have passed the peak for the year. If production of livestock increases as expected, prices of most livestock products in 1966, though trending downward from the first quarter level, will average above last year. Price developments in the coming months will depend to a large degree on the rates of increase in marketings of livestock and poultry products, especially pork. Hog prices dropped sharply in March and April as marketings turned up. But prices still were substantially above a year earlier. Hog and poultry prices likely will be down sharply in the fourth quarter from a year earlier as hog production accelerates.

Total cash receipts from farm marketings in 1966 may increase by about \$2 billion above the estimated \$38.9 billion in 1965. Prices may average above 1965 levels even though some price declines are expected near the latter part of the year. With price-support loan rates at near world market levels and direct payments being used to maintain farm income, Government payments to farmers are likely to rise from 1965--perhaps around a billion dollars. This does not represent an equivalent increase in total costs of farm commodity programs. The increase in payments to farmers is mostly an offset to the large payments which were required to make cotton competitive in the domestic market with man-made fibers and in the world market with foreign cotton and to permit wheat to compete in the world trade.

First quarter cash receipts for all farm products averaged about 17 percent above a year earlier. Cash receipts from hogs were up most, 38 percent. The volume of hog marketings were 15 percent lower. Substantial increases in cash receipts also occurred for most other major commodities except for oranges and potatoes. Higher prices for cattle, calves, and broilers than a year earlier reflected the very strong demand situation, as marketings were larger.

Farm Production Expenses Higher

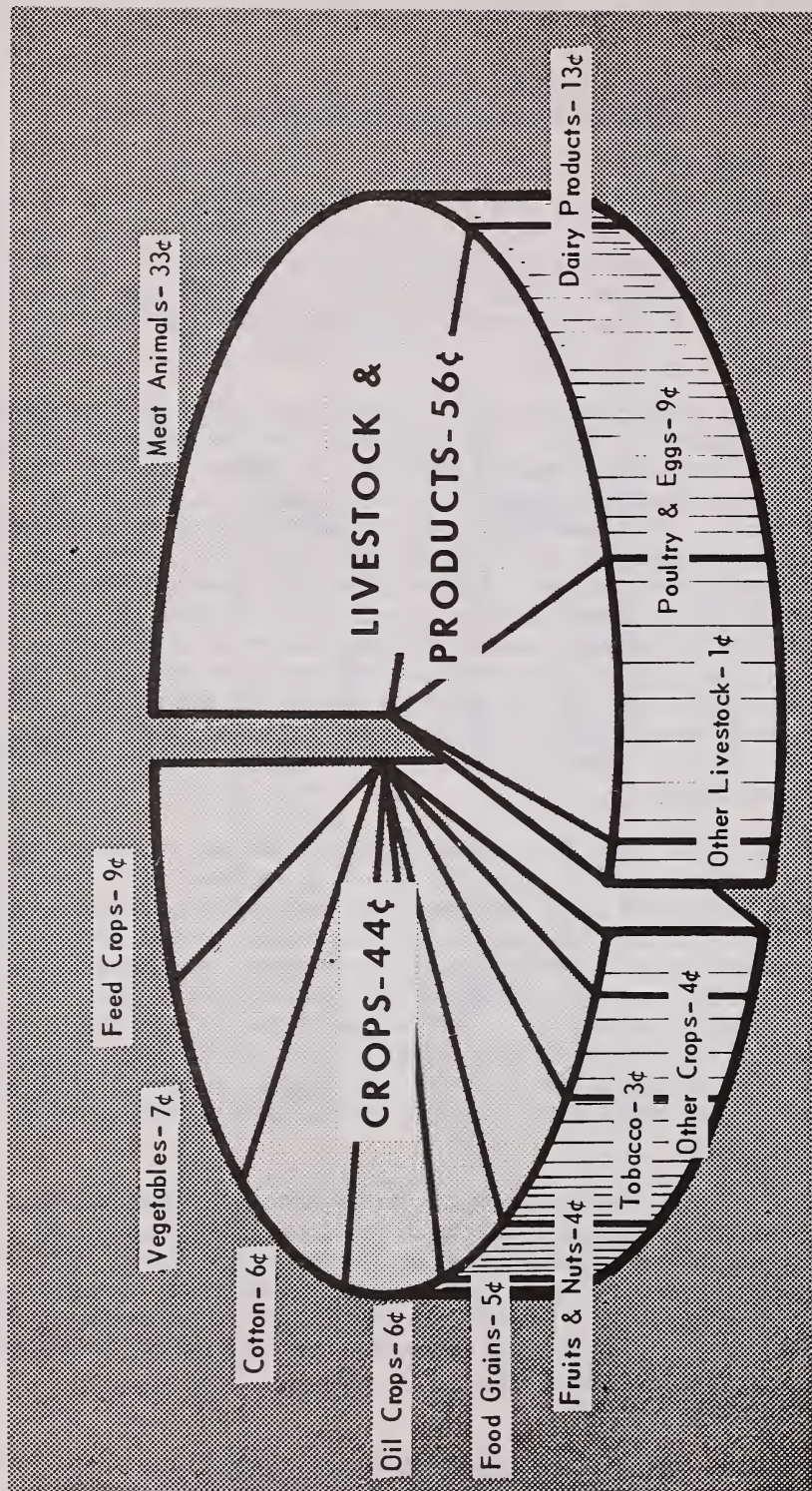
Farm production expenses are expected to rise more than average this year. Part of the increase in outlays will result from higher prices for purchased

THE 1965 CASH RECEIPTS' DOLLAR*

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* FROM FARM MARKETINGS

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NEG. ERS 972-66 (3) ECONOMIC RESEARCH SERVICE

livestock throughout most of the year. But increased expenditures are indicated also for nonfarm produced inputs such as fertilizer, insecticides, farm machinery and equipment, and other miscellaneous items. Currently, domestic sales of U. S. and imported wheel tractors are running well above the level of a year earlier as they have been since June of last year. In February, the number of wheel tractors purchased for farm use, according to reports of the Farm Equipment Institute, was 7 percent above the same month in 1965. These increases are taking place mainly in Midwest and Pacific Coast States. Farm machinery expenditures tend to rise in years of farm prosperity.

Overhead costs such as taxes, mortgage interest, and depreciation, too, will be sharply higher this year continuing the long-term rise, and short-term interest charges are likely to be up due in part to higher interest rates. While some of the expected increases in production expenses will result from increased volume of purchases, part will be due to higher prices paid.

A slightly lower total wage bill in 1966 will provide a small offset from the general rise in other production expenses. While wage rates are currently running higher than a year earlier and are expected to move up some during the rest of the year, the expected decline in the number of hired workers likely will keep the total wage bill below that of last year.

During the first quarter prices paid by farmers including interest, taxes, and wages, moved up again to 329 (1910-14=100)--almost 2 percent above the previous quarter and nearly 3.5 percent above a year earlier. Feeder livestock prices, up over 25 percent from a year earlier, accounted for a large part of the increase. But wages, which were up over 4 percent, also contributed.

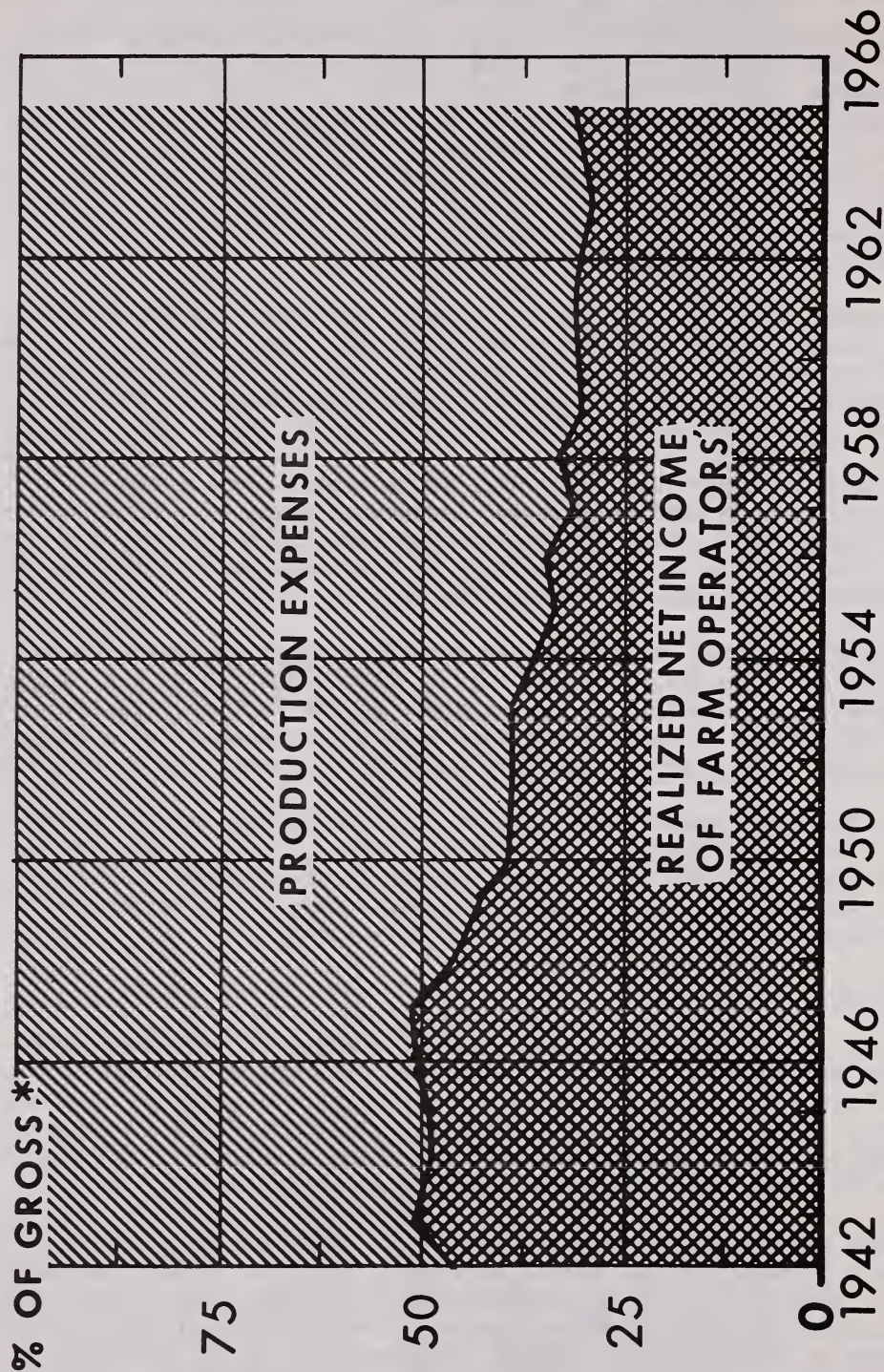
For the month ended April 15, the index of prices paid by farmers decreased one-third percent to 296 (1910-14=100). Prices of production items averaged slightly lower while family living items averaged unchanged. The decline in the index of prices paid for production items is explained in part by lower prices paid by farmers for feeder livestock.

Farm Output

Total livestock production this year is expected to change little from last year and probably will be up slightly. Slaughter of cattle and calves may total a little larger than last year. Pork production may be down slightly or unchanged. While hog supplies are running sharply below year-earlier levels so far, supplies are increasing and by midyear hog slaughter will likely be up to last year's level and by fall be significantly above 1965.

Total milk production is expected to be down again in 1966 but much less than the 5 percent decline so far this year. Heavier culling of cows, as a result of very favorable slaughter cattle prices and smaller than usual gains in milk output per cow, explains the recent sharp reduction in milk output. Dairy cows on farms January 1, 1966 were down over $5\frac{1}{2}$ percent from the previous January. With reduced milk production, output of most manufactured dairy products during January-March was below those of a year earlier; American cheese was down 5 percent and butter down 25 percent. Fluid milk sales, however, were up over 1 percent.

NET INCOME AND EXPENSES



* REALIZED GROSS FARM INCOME.

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NEG. ERS 4361-66 (3)

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Supplies of chickens and turkeys are expected to continue plentiful throughout the year and may be as high as 10 percent above last year. On the other hand, total egg production is expected to be up only slightly with some reduction again in per capita supplies. Egg production in the first quarter was down 2 percent from a year earlier. This decline resulted primarily from a reduced rate of lay caused by severe winter weather. In response to current favorable egg-feed price relationships, producers are taking steps to increase egg production and this is likely to rise to year-earlier levels by the third quarter and be significantly above by the fourth quarter.

If March crop planting intentions are carried out and if weather is about average this year, total crop production in 1966 may be near or a little above 1965. If farmers carry out their planting intentions, feed grain acreage will be 2 percent larger in 1966 but food grain acreage will be down 5 percent from 1965. The biggest increases in the acreages of major crops is expected in soybeans--up about 5 percent--and rice--up about 8 percent. Now that higher price supports for soybeans have been announced--at \$2.50 per bushel, up from \$2.25--and because farmers participating in the feed grain program can plant soybeans on their permitted feed grain acreage, soybean acreage could turn out to be even higher. On the other hand, cotton, as a result of the new program, will be down about 3.3 million acres--23 percent below last year.

Domestic Demand

With total supplies up only slightly from last year's level, per capita food consumption in 1966 may increase little, if at all. Consumption of livestock products is not expected to change much but a further increase in consumption of crop products is indicated. Total consumption of meat and poultry is expected to increase slightly--pork consumption may decline slightly but prospects for a small increase in beef and a sizable increase in poultry will be more than offsetting. But consumption of dairy products, particularly butter, is expected to decline due to reduced supplies. Fruit consumption is expected to increase, mostly for citrus products. Also, increased consumption is expected for potatoes and dry edible beans, while consumption of vegetables, grains, and other crop products may remain about the same as in 1965.

Food expenditures this year are expected to increase about as much as or slightly more than the $6\frac{1}{2}$ percent increase last year. With only a small gain indicated in per capita food consumption and a population increase of about 1.2 percent expected, the bulk of the increase expected in food expenditures will reflect higher retail food prices and shifts toward the purchase of more expensive foods. But prospective increases in consumer income after taxes will about match increased food expenditures. Thus, little change in the percent of income spent for food is likely.

In 1965, food expenditures averaged \$85 billion, up 6.5 percent from a year earlier. This amounted to 18.3 percent of disposable personal income.

Retail food prices in the first quarter 1966 averaged 6 percent above a year earlier and expenditures for food were up 11 percent. Livestock product

Table 3.--Stocks of grains, April 1, 1966 with comparisons

Grain and position	April 1, 1964	April 1, 1965	April 1, 1966
	<u>Mil. bu.</u>	<u>Mil. bu.</u>	<u>Mil. bu.</u>
WHEAT			
On farms <u>1/</u>	153.4	264.1	256.8
Off farms <u>2/</u>	1,052.2	881.8	644.5
Total*	1,205.6	1,145.9	901.3
CORN			
On farms <u>1/</u>	2,292.1	1,923.0	2,159.6
Off farms <u>2/</u>	1,009.7	938.8	739.6
Total*	3,301.8	2,861.8	2,899.2
OATS			
On farms <u>1/</u>	445.3	401.5	461.4
Off farms <u>2/</u>	71.7	71.0	86.6
Total*	517.1	472.6	548.1
BARLEY			
On farms <u>1/</u>	131.6	107.0	105.4
Off farms <u>2/</u>	101.8	97.8	93.9
Total*	233.4	204.9	199.3
GRAIN SORGHUM			
On farms <u>1/</u>	111.0	99.9	135.8
Off farms <u>2/</u>	730.3	669.9	590.6
Total*	841.4	769.8	726.3
SOYBEANS			
On farms <u>1/</u>	191.4	98.3	150.0
Off farms <u>2/</u>	185.8	249.0	226.0
Total*	377.2	347.4	376.0

1/ Estimates of the Crop Reporting Board.

2/ Including grain owned by Commodity Credit Corporation.

* Totals from unrounded data.

Table 4.--U. S. agricultural exports, value of major commodities,
July-February 1964-65 and 1965-66

Commodity	July-February		Percentage change
	1964-65	1965-66	
	<u>Mil. dol.</u>	<u>Mil. dol.</u>	<u>Percent</u>
Cotton, excluding linters	375	285	-24.0
Dairy products	139	120	-13.7
Feed grains, excluding products	538	855	58.9
Fruits and preparations	192	229	19.3
Soybeans	364	476	30.8
Tobacco, unmanufactured	271	301	11.1
Vegetables and preparations	97	105	8.2
Wheat and flour	781	859	10.0
Other	1,026	1,173	14.3
Total exports	3,783	4,403	16.4

U. S. Department of Agriculture.

prices were up sharply, particularly for meat, poultry, and eggs. Prices were considerably lower for potatoes and somewhat lower for coffee, sugar, and fresh fruit. But higher prices for cereal and bakery products and processed fruits and vegetables offset the declines and brought the average for all crop products about even with the first quarter 1965.

The number of livestock to be fed (in terms of animal units) during the feeding year, October 1965-September 1966, will be a little above 1964-65. Domestic demand for most feeds is also very strong because of very favorable livestock-feed price ratios. Due primarily to the larger supplies, feed grain prices have been a little below those of a year ago; livestock prices continued to rise over the past year. With the strong demand for feed, whole-sale prices of high-protein feeds have been pushed up. During October-April these prices averaged 10 percent above a year earlier and the highest since the early 1950's. Feed grains fed to livestock and poultry in the current marketing crop-year are expected to be around 6 percent above a year earlier. Feeding of high-protein feeds is expected to be 3 percent higher than the previous year. Stocks of feed grains in all positions on April 1 were about 1 percent above a year earlier. Stocks of wheat on April 1 were down over 21 percent from the same date last year. The 1965 wheat crop was the second highest on record, but total disappearance for the first half of the crop year has been record

high, especially due to a high level of exports. Soybean stocks in all positions on April 1 were over 8 percent higher than the same date a year earlier. The 1965 soybean crop was a record. But soybean demand--both domestic and foreign--has been exceptionally strong, with total disappearance during the first 6 months of the crop year over 20 percent greater than for the same period a year ago.

Mill consumption of cotton for the crop year (August 1965-July 1966) is expected to total around $9\frac{1}{2}$ million bales, up 0.3 million from 1964-65. Mill consumption of all kinds of cotton during the first 7 months of this crop year was up 3 percent from the same period last year. Larger cotton disappearance this year reflects increased demand for both civilian and military uses, and cotton prices which are more competitive with man-made fibers, particularly rayon and acetate fibers. However, exports of cotton are expected to be about 0.9 million bales below the 4.1 million in 1964-65. A total expected cotton disappearance of 13.4 million bales in contrast with the 1965 crop year production of 14.9 million bales points to a further rise in cotton stocks of around $2\frac{1}{2}$ million bales from the 14 million last August.

Exports of Farm Products

Fiscal 1966 is expected to be another record year of exports of U. S. farm products which may total 8 to 10 percent above the previous year. Significant gains are indicated for wheat, rice, feed grains, and soybeans and meal. These increases will more than offset some decline in exports of cotton, vegetable oils, and animal fats. Smaller exports of dairy products and animal fats are expected because of increased supplies of butter in Europe and short supplies in the U. S., and reduced lard output.

From July through March of fiscal 1966, the volume of feed grain exports was about 50 percent above those of a year earlier. Export value of these grains to European Economic Community and Japan increased by about 50 percent and 32 percent, respectively, for this period.

The continued increase in imports of feed grains from the United States by these countries is largely due to their rapidly expanding livestock industries. But lower production of coarse grain and root crops in Western Europe and reduced supplies available for export in other feed grain exporting countries also have contributed to the rise in demand for U. S. feed grain exports. The United States presently accounts for about half the world feed grain exports.

The total volume of wheat and product exports was up 20 percent over July-February a year ago, largely because of increased exports to India to relieve the current grain shortage and increased dollar sales. Exports of soybeans and meal continued to rise and during July through March the total export value of these commodities was over 20 percent higher than a year ago. On the other hand, edible vegetable oil exports were down from a year ago reflecting the desire of major importing countries to do their own crushing instead of importing oil and meal separately, increased competition from other oils in Europe and Africa and a slow-down in exports under P.L. 480.

Table 5.--U. S. agricultural imports for consumption, value of major commodities, July-February 1964-65 and 1965-66

Commodity	July-February		Percentage change
	1964-65	1965-66	
	<u>Mil. dol.</u>	<u>Mil. dol.</u>	<u>Percent</u>
Animals, live	41	99	141
Dairy products	40	53	32
Meats and meat products	251	345	37
Oilseeds and products	113	113	0
Sugar, cane	292	303	4
Tobacco, unmanufactured	82	83	1
Wool, apparel	78	109	40
Other supplementary	431	472	10
Total supplementary	1,328	1,577	19
Coffee	698	784	12
Cocoa beans	76	90	18
Rubber, crude, natural	120	119	-1
Wool, carpet	47	48	2
Other complementary	246	278	13
Total complementary	1,187	1,319	11
Total imports	2,515	2,896	15

U. S. Department of Agriculture.

FACTORS AFFECTING DEMAND
FOR FARM PRODUCTS

Aggregate economic activity surged ahead during the first quarter of 1966 as the value of goods and services produced rose $8\frac{1}{2}$ percent from a year earlier. Prospective increases in public and private demands on the economy, if carried out, could result in a Gross National Product some 8 to $8\frac{1}{2}$ percent above the \$676 billion in 1965. Such a gain would result in further increases in employment, wage rates, and income. Per capita disposable income may rise around $6\frac{1}{2}$ percent in 1966 compared with a $5\frac{1}{2}$ percent gain in 1965.

The Gross National Product, after seasonal adjustment, rose to a \$714 billion annual rate in the first quarter, up almost \$17 billion from the fourth quarter of 1965. Higher prices accounted for part of this large increase. The

Table 6.--Other economic factors affecting agriculture (seasonally adjusted annual rates)

Item	Unit	Year 1965	1965				1966			
			I	II	III	IV	I	II	III	IV
Gross National Product	Bil. dol.	676.3	657.6	668.8	681.5	692.7	714.1			
Personal income	Bil. dol.	530.7	516.2	524.7	536.0	546.0	556.9			
Disposable personal income ^{2/}	Bil. dol.	453.6	440.2	446.9	459.3	468.1	474.2			
Personal consumption expenditures	Bil. dol.	428.7	416.9	424.5	432.5	441.0	452.6			
Durable	Bil. dol.	65.0	64.6	63.5	65.4	66.4	68.8			
Nondurable	Bil. dol.	189.0	182.8	187.9	190.5	195.0	201.1			
Services	Bil. dol.	174.7	169.5	173.1	176.7	179.6	182.7			
Personal saving	Bil. dol.	24.9	23.3	22.4	26.8	27.1	23.6			
Net government receipts	Bil. dol.	137.3	136.0	138.4	134.7	139.9	---			
Government purchases	Bil. dol.	134.8	131.3	133.5	135.4	139.0	143.6			
Deficit or surplus (on income and product account)	Bil. dol.	2.5	4.7	4.9	- .7	.9	---			
Gross private domestic investment	Bil. dol.	105.7	103.4	102.8	106.2	110.3	111.8			
Fixed investment	Bil. dol.	97.4	94.6	96.4	98.6	100.2	103.5			
Change in business inventories	Bil. dol.	8.2	8.8	6.4	7.6	10.1	8.3			
Expenditures for plant and equipment	Bil. dol.	51.96	49.00	50.35	52.75	55.35	3/57.20			
Corporate profits (before taxes)	Bil. dol.	74.7	73.1	73.9	74.6	77.0	---			
Net exports of goods and services	Bil. dol.	7.1	6.0	8.0	7.4	6.9	6.1			
Balance of payments (on liquidity basis) ^{4/}	Mil. dol.	-1,301	-2,632	1,032	-2,068	-1,536	---			
Total civilian employment ^{5/}	Millions	72.2	71.4	71.9	72.4	73.0	73.6			
GNP implicit price deflator	1958=100	110.9	110.0	110.8	111.2	111.7	112.7			
Per capita disposable personal income (1958 prices)	Dollars	2,198	2,157	2,171	2,218	2,247	2,260			

1/ Preliminary. ^{2/} Excludes interest paid by consumers and net personal transfers to foreigners.

3/ Estimates based on anticipated capital expenditures as reported by business. ^{4/} Equals changes in liquid liabilities to foreign official holders, other foreign holders, and change in official reserve assets. ^{5/} U. S. Department of Labor.

Departments of Commerce, Agriculture, and Securities and Exchange Commission.

general price level in the first quarter averaged 2.5 percent above a year earlier, a larger increase than in recent years. Nevertheless, the gain in the physical volume of output from the first quarter of 1965 was still impressive at around 6 percent compared with a $5\frac{1}{2}$ percent gain from 1964 to 1965. Rising defense spending and further increases in demand for capital goods were the major expansionary forces during the first quarter although consumer demand continued strong under the influence of rising income.

Labor requirements have increased with the steadily rising level of economic activity during the past year. Civilian employment, at 73.6 million (seasonally adjusted) in the first quarter, was 0.6 million above October-December 1965 and 2.2 million above a year earlier. Since this rise was more rapid than labor force growth, the percent of the civilian labor force employed rose from 95.2 in January-March 1965 to 96.2 in January-March 1966. This was one of the highest levels since the Korean war. Projections of the 1966 civilian labor force indicate an increase of 0.1 million less than last year's rise of 1.4 million. If civilian employment increases as much as last year, which appears likely in view of prospective demand increases, the unemployment rate will average below 4 percent for the year as a whole.

With the economy approaching full employment the problem of manpower shortages intensifies. There are indications of shortages developing in certain industries, occupations, and areas. As the level of employment increases further, increasing attention must be given to matching unemployed persons with available jobs. Job training and retraining programs are an important element in achieving this goal.

The further growth in employment, hours worked, and rates of pay in the first quarter provided another large boost to wage and salary payments--the largest component of personal income. Other types of personal income, especially farm income, dividend payments, Government transfer payments, and interest income also rose from the previous quarter and a year earlier. Thus, total personal income in the first quarter rose almost \$11 billion from \$54.6 billion (annual rate) in the previous quarter. This was nearly 8 percent above a year earlier. It is noteworthy that the gain in total income was as large as it was in view of the step-up in Social Security taxes. This rise reflected the shift in January to a higher tax rate and a higher ceiling on the amount of income subject to tax.

The increased flow of income resulted in larger personal tax payments to Federal, State, and local Governments. Disposable income rose to \$48.9 billion (annual rate), \$8.4 billion above the previous quarter and 8.3 percent above a year earlier. With population growing 1.2 percent during the same period, disposable income per person was up about 7.0 percent.

Consumer spending in the first quarter more than kept pace with the rise in disposable income increasing to a \$45.2.6 billion annual rate, 8.6 percent higher than a year earlier. The \$11.6 billion gain from the previous quarter was considerably more than the \$7 to \$8 billion increases experienced in other recent quarters. Since this rise exceeded the 8.3 percent gain in after-tax

income, the savings rate declined to 4.8 percent from 5.2 percent in January-March 1965. Not all of the increase in spending reflected larger quantities of goods and services purchased since some retail prices also advanced.

First quarter spending on all types of goods and services rose from the previous quarter and a year earlier. Purchases of nondurable goods, sparked by a large increase for food and clothing, rose 10 percent above a year earlier. Higher prices, particularly for food items, played a significant role in increased spending for nondurable goods. Retail food prices averaged 6 percent higher than a year earlier during the first quarter. Prices of nondurable items other than food also rose but the increases were less.

In the first quarter, demand for durable goods increased and expenditures rose 6.5 percent above January-March 1965 to a \$68.8 billion annual rate. This was \$2.4 billion above the previous quarter and the largest quarterly gain since the first quarter of 1965 when automobile sales jumped sharply after the automobile strike had curtailed supplies in late 1964. Automobile expenditures in the first quarter of 1966 were up \$1½ billion from the quarter before, after holding around \$30.0 billion throughout 1965. Domestic car sales were at an annual rate of 9.1 million units compared with 8.8 million in October-December 1965. Purchases of furniture and other household equipment continued advancing vigorously as did expenditures for other kinds of consumer durable goods. With retail prices of durable goods below both last quarter and January-March 1965, the rise in first quarter spending represented a larger amount and a higher quality of goods consumed.

Consumer demand is expected to continue strong in coming months. The January 1966 Census Bureau survey of consumer buying intentions indicates that roughly 18 percent of the families in the survey plan to buy one or more household durable goods during the next six months compared with 16.3 percent planning such purchases in January 1965. The proportion of families expecting to buy an automobile was little changed from the year-earlier level of 19.4 percent. In addition, the same survey reveals that consumers' income expectations have improved during the past year.

Government Spending for Goods and Services

Since the middle of 1965 Government demand for goods and services has been a major source of demand expansion. Spending in the first quarter increased \$4.6 billion from the fourth quarter to \$143.6 billion (annual rate), about 9½ percent above a year earlier. Roughly three-fourths of the quarterly gain in total spending was at the Federal level with the main impetus for the rise coming from defense spending. Increased defense requirements were added to an expanding volume of private investment demand. As a result, combined production of capital goods and defense related items in January-March was 18 percent larger than a year earlier in the first quarter. In the first quarter of 1965 production of these types of goods was 9 percent above the comparable period a year earlier.

Table 7.--Expenditures for new plant and equipment, 1965 and estimates for 1966, seasonally adjusted annual rates

(Billion dollars)									
Industry	1965					1966 ^{1/}			
	I	II	III	IV	Year	I	II	2nd Half	Year
	:	:	:	:	:	:	:	:	:
Manufacturing	:20.75	21.55	23.00	24.15	22.45	25.15	25.80	27.90	26.75
Durable goods	:10.40	10.80	11.75	12.45	11.40	12.80	12.90	14.10	13.50
Nondurable goods	:10.40	10.70	11.25	11.70	11.05	12.35	12.90	13.80	13.25
Food and beverages	:1.10	1.20	1.25	1.35	1.24	1.35	1.30	1.60	1.47
Mining	:1.25	1.30	1.25	1.35	1.30	1.45	1.55	1.50	1.51
Railroads	:1.75	1.55	1.70	1.95	1.73	1.65	1.80	1.95	1.83
Other transportation	:2.55	2.70	3.00	3.00	2.81	3.30	3.20	3.10	3.15
Public utilities	:6.80	6.85	6.75	7.30	6.94	7.65	7.95	8.25	8.04
Commercial and other	:15.85	16.40	17.00	17.55	16.73	18.05	18.65	19.50	18.95

^{1/} Estimates based on anticipated capital expenditures as reported by business in February 1966. Includes adjustments when necessary for systematic tendencies in anticipatory data.

Securities and Exchange Commission and U. S. Department of Commerce.

In recognition of the potentially over-stimulative effects of rapidly rising private and public demands, some restrictive measures were recently passed by the Congress. These included restoration of some of the excise taxes which were reduced on January 1, 1966, and a speed-up of personal and corporate income tax payments. The Administration has indicated that, if needed, further restrictive measures would be proposed.

Business Fixed Investment

Businessmen continued to modernize and expand their productive facilities during the first quarter. Expenditures for equipment and nonresidential buildings advanced \$2.4 billion from the fourth quarter of 1965 to an annual rate of \$75.4 billion. This was nearly 13 percent above the year-earlier level. Plant expenditures rose slightly faster (15 percent) than equipment spending (11 percent).

Near record plant operating rates, a rising level of unfilled orders, and prospects for continued demand expansion have prompted businessmen to schedule another large increase in expenditures for new plant and equipment in 1966. According to the latest OBE-SEC survey conducted in late January and

February, planned spending for the year as a whole will amount to \$60.2 billion, 16 percent higher than the \$52.0 billion spent in 1965. The anticipated percentage rise in 1966 is the same as the actual rise in 1965.

Among the major industry groups, manufacturers are scheduling the largest increase with programmed outlays up 19 percent from 1965. The projected increase in durable goods industries is slightly less than in the nondurable category. Within the durable goods group, increases are particularly large for electrical machinery (32 percent), nonelectrical machinery (24 percent), and nonautomotive transportation equipment (45 percent). These industries are the major supplies of capital goods and defense materials. Outlays in the motor vehicle and the iron and steel industries are scheduled at 7 percent and 9 percent, respectively, above 1965 compared with increases of 31 percent and 14 percent last year. Among nondurable goods producers, the textile and paper firms reported the largest programmed increases. Increases in nonmanufacturing industries are mainly attributable to mining and public utility firms.

A number of developments may affect the realization of business investment programs this year. Operating rates in industries producing capital goods are significantly higher than a year earlier, and supplies of some types of skilled labor as well as materials are in short supply. If businessmen raise their investment goals as the year progresses, which has been the case recently, pressure on prices could intensify. In this connection, the President has requested businessmen to limit spending for investment goods as much as possible. Recent increases in interest rates are likely to have a restrictive effect on some companies investment programs, and profit margins, although rising through most of the current expansion, could grow more slowly in coming quarters. These factors could dampen capital spending plans this year.

Both farm and nonfarm inventory levels increased during the first quarter of this year. However, the rate of accumulation, at \$8.3 billion (annual rate), was less than the revised fourth quarter rate of \$10.1 billion. Nonfarm inventories advanced \$7.6 billion reflecting higher levels in both manufacturing and distributive industries.

Residential Construction

Outlays for residential structures increased in the first quarter after declining in the third and fourth quarters of 1965. Activity was about \$1.0 billion above the fourth quarter and slightly above the comparable period a year ago. The first quarter 1966 increase was a result of the rise in housing starts, seasonally adjusted, in late 1965. Both housing starts and building permits have decreased since that time. In addition, financing conditions are less favorable than a year earlier since interest rates on mortgages have been increasing over the past six months.

Prices Continue Rising

Price movements in the first quarter continued to reflect the underlying strength of the domestic business expansion. The wholesale price level aver-

aged 3.9 percent above a year earlier in the first quarter of 1966 at 105.1 (1957-59=100). The largest advances were concentrated in the agricultural sector with prices about 13 percent above year-earlier levels. During the past year, a combination of reduced supplies of some major items and strong demand resulted in upward pressure on farm product prices. Although demand conditions are expected to continue strong in future quarters, production increases now underway and in prospect for major farm products are expected to lead to lower prices by the end of the year. Farm product prices leveled in March and moved lower in April after climbing sharply in January and February.

Prices of industrial commodities, which have been creeping upward for more than a year after a relatively long period of overall stability, rose more rapidly in recent months. The first quarter level was almost 2 percent above a year earlier. Heavy capital spending has provided a favorable market situation for upward adjustments in prices of some types of machinery and metals. Prices for some other items such as hides and skins, lumber, and paper products also rose under the influence of rapidly rising demand or special supply situations.

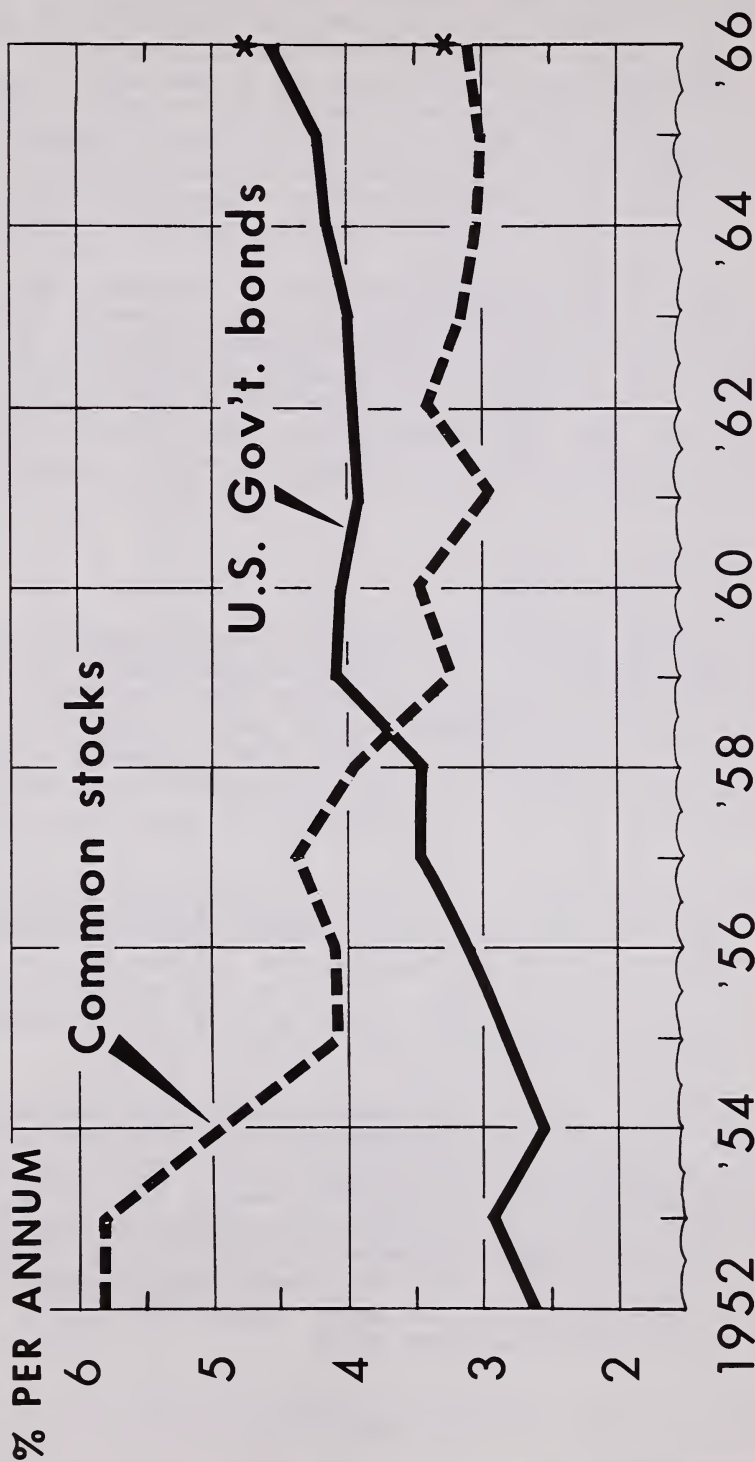
Credit Demands Continue Strong

Credit demands continued strong in the first quarter of the year. Total commercial bank credit (i.e., loans and investments) rose \$5.9 billion, after seasonal adjustment, or at an annual rate of 8 percent. This was somewhat slower than the 10 percent rate in the previous quarter and the 12.4 percent rate in January-March 1965. However, commercial bank loans rose faster in the first quarter compared with the fourth quarter as holdings of U. S. Government securities declined and investment in other securities grew much slower.

The supply of money expanded further during the early months of 1966. For the first quarter, the money supply (currency plus demand deposits) grew at an annual rate of 4.3 percent compared with 7.5 percent in the previous quarter and 1.5 percent a year ago. Growth in time deposits also extended into the first quarter although the annual rate of growth, at 7.1 percent, was less than half the year-earlier rate of 17.4 percent.

Interest rates continued to reflect strong credit demands and firmer monetary policy. On March 10 major commercial banks raised the rate on prime business loans to $5\frac{1}{2}$ percent from 5 percent. The yield on 3-month Treasury bills during the first quarter continued to average well above year-earlier levels. Yields in March declined slightly from February levels as strong demand encountered some supply shortages. Long-term U. S. Government bonds sold to yield 4.56 percent in the first quarter compared with 4.35 in the last quarter of 1965 and 4.15 a year ago. Common stock yields continued well below yields on long-term Government bonds.

AVERAGE YIELDS ON LONG-TERM BONDS AND COMMON STOCKS



SOURCE: FEDERAL RESERVE BOARD. * 1ST QUARTER 1966.

CURRENT COMMODITY SITUATION

LIVESTOCK AND LIVESTOCK PRODUCTS

Meat Animals

Red meat production was down about 4 percent during January-March and prices of meat animals were considerably higher than in the same months a year earlier. An increase in beef production was more than offset by decreases in pork, lamb and mutton, and veal. The index of prices received by farmers for meat animals averaged 36 percent higher during January-March than a year earlier and was at the highest level for the winter months since 1951.

A small step-up in total red meat production is in prospect for April-June and production is expected to remain above 1965 during the summer months. This likely will prevent further general increases in livestock prices during the spring and summer months.

Choice steers at Chicago averaged \$27.96 per 100 pounds during January-March. This was \$1.36 more than in October-December 1965 and \$3.76 above first quarter prices a year earlier. Fed cattle prices are expected to decline somewhat this spring and average about the same or a little lower than in the second quarter of 1965 when Choice steers at Chicago averaged \$26.73.

Lower prices for fed cattle are in prospect during the next couple of months because marketings out of feedlots will be moderately larger than during the winter months and much larger than in 1965. There were 9.6 million head of cattle on feed on April 1 in 32 major feeding States, 13 percent above a year earlier. Cattle feeders placed 24 percent more cattle on feed during January-March while stepping up marketings by only 6 percent.

The combined number of steers weighing over 900 pounds and heifers over 700 pounds was up 21 percent at the beginning of April. These weight groups will supply the bulk of the fed cattle marketings this spring. In addition, steers weighing 700-900 pounds and heifers weighing 500-700 pounds were 13 percent greater than on April 1, 1965. These animals will come to market after midyear. Thus, there is a large number of cattle on feed in weight groups that are important for spring and summer marketings.

Cow slaughter averaged 16 percent higher than in 1965 during the first 3 months of this year. However, higher prices for calves and fed cattle likely are encouraging cattlemen to stop liquidation of beef herds, so cow slaughter is expected to average near year-earlier levels this spring and then fall below 1965 levels next summer.

Hog producers are expanding production in response to substantially higher hog prices. The number of sows farrowing during December 1965-February 1966 was

up 5 percent from a year earlier in 10 States for which quarterly estimates are available. Also, producers have reported intentions to have 9 percent more sows farrow during March-May and 8 percent more during June-August. Thus, while hog slaughter has been at very reduced levels so far this year, supplies will increase and by midyear hog slaughter likely will begin to average above 1965 levels. The increase in slaughter during the summer probably will be small, but sizable increases will develop next fall.

Hog prices declined late last winter and by the end of April barrows and gilts at 8 markets were averaging around \$22.50. However, this was still about \$2 above April-June 1965. A small spring rise is likely this year even though fed beef production will be somewhat larger.

Hog prices will decline after midyear as slaughter supplies increase. Prices next fall likely will decline sharply and average considerably below the very high levels a year earlier.

Lamb prices rose to the highest level since 1952 in early winter, but then weakened after mid-February and continued to move lower during April. However, they were still above year-earlier prices in April.

Lower lamb prices resulted from increased slaughter supplies, heavier average weights, and lower prices for hogs. Most of the heavyweight lambs on feed last winter have already been slaughtered and slaughter rates likely will again average below year-earlier levels this spring and summer. Thus, lamb prices during the next month or so probably will average about the same or a little lower than prices in this period of 1965, but then show renewed strength and average as high or higher than year-earlier levels next summer.

Dairy

First quarter 1966 milk production fell 5.2 percent from a year earlier. Heavier culling of milk cows in response to higher cattle prices and low gains in output per cow held back production. Even though prices are improved, output in late spring and summer will depend on pasture conditions which were depressed by last year's drought in the Northeast. For the year, current indications are for milk output to total about 2 percent below the 1965 output of 125.1 billion pounds.

USDA set 1966-67 marketing year (began April 1) price supports for manufacturing milk at \$3.50 per 100 pounds (78 percent of parity), up 26 cents from last year. Butterfat is set at 61.6 cents per pound (75 percent of parity). To provide producer prices at the support level, Commodity Credit Corporation (CCC) buying prices were raised 2 cents per pound for both butter and nonfat dry milk and 3.2 cents for Cheddar cheese.

In other recent actions, USDA held 3 emergency hearings in March and amended the April-June seasonal price adjustments for bottling milk in Federal milk market orders. Also, the Government increased Cheddar cheese import quotas for the March-June 1966 period by 926,700 pounds. The U. S. Tariff Commission held a hearing at the end of April to consider the advisability of higher quotas for later months.

Farmers averaged about 6 percent more for milk during the first quarter than a year earlier. Milk sold wholesale averaged \$4.54 per 100 pounds in January-March 1966, up 26 cents from 1965 and the price of manufacturing grade milk, at \$3.67, was 33 cents higher. Second quarter prices are declining from first quarter levels, as supplies of milk are increasing seasonally. Strong commercial storage demand is expected, however.

Despite the prospect for smaller marketings, cash receipts from milk and cream in 1966 are likely to be some 6-7 percent larger than the \$5.1 billion record level of 1965. Cash receipts in 1965 were 1 percent larger than 1964 as higher average prices offset lower marketings.

Combined net CCC price support purchases and payment-in-kind (PIK) exports removed 126 million pounds of butter, 21 million pounds of cheese, and 881 million pounds of nonfat dry milk from the domestic market in the marketing year ended March 31. This totaled 2.9 billion pounds of milk equivalent compared with 8.2 billion in 1964-65. These quantities reflect 35 million pounds of butter CCC sold back to the trade for domestic use in 1965-66 and 36 million pounds in 1964-65. Net removals were 2.4 percent of the milk-fat and 9 percent of the milk-solids-not-fat marketings in the United States. Combined deliveries to CCC and exports of butter and cheese, under the PIK program, in the first quarter of 1966 were down to only 6 percent of year-earlier levels, with nonfat dry milk about one-third of year-earlier levels. For the marketing year 1966-67, total CCC removals from the domestic market, on a milk equivalent basis, are expected to fall below last year.

Output of most major manufactured dairy products this calendar year through March fell below year-ago levels. American cheese fell 4 percent while butter fell 26 percent. With short supplies of milk for manufacturing considerable quantities of milk have been diverted to cheese making because of the strong commercial demand. Cheese production for all of 1966 is expected to continue high relative to butter output.

Because of reduced donations of butter and cheese and lower military market purchases, domestic use of milk in all products is likely to be 1-2 percent below the 122½ billion pounds of 1965. However, sales of fluid milk products, cheese and frozen dairy products are gaining. First quarter disappearance of milk (excluding CCC supplies) gained about 5 percent above a year earlier and the year's total is likely to average about 2 percent larger.

Imports of both quota and nonquota dairy products are expected to be substantially larger this year, while exports are falling because of low exportable supplies. The United States is likely to be a net importer of dairy products on a milk equivalent basis for the first time since 1939.

Poultry and Eggs

Expanding domestic demand, military procurement, and exports have dominated the poultry and egg situation in recent months. Consumer purchasing power has been surging upward, with the vigorous expansion in demand, output, and employment. In addition, pork supplies have been relatively light since

the beginning of 1965. These developments have added substantially to demand and price strength for poultry and eggs, as well as for many other high-protein foods. Higher prices, in turn, have been encouraging poultry and egg producers to expand output. Increasing poultry and egg supplies after midyear probably will face stiffening competition from rising pork production. Consequently, prices for poultry and eggs are expected to decline later this year from current and year-earlier levels.

Federally inspected slaughter of young chickens in the first quarter ran 8 percent above a year earlier. Based on hatchery activity in 23 States, broiler output in the second quarter also will be up by about a tenth. Hatching egg supplies are likely to be large enough to at least sustain the current rate of expansion over 1965 throughout the year.

U. S. farm broiler prices in April averaged 15.8 cents a pound compared with 17.4 cents in March and 15.0 cents in April 1965. Later in the year, as increases in production of pork gather momentum and marketings from a larger turkey crop approach the seasonal peak, broiler prices probably will drop below current and year-earlier levels. Competition from other high-protein foods is likely to become even more intense in early 1967.

Turkey producers are likely to raise at least 10 percent more birds than the 104.7 million in 1966. Much of the increase will move into consumption in the first half. Nevertheless, cold storage holdings for the holiday period are likely to build up after midyear more rapidly than in 1965. Turkey stocks on April 1 totaled 121 million pounds compared with 137 million a year earlier.

Turkey prices to producers in April averaged 24.2 cents per pound, up from 23.6 cents in April 1965. Turkey prices may continue close to current and year-earlier levels through June. Turkey prices probably will decline after midyear as they did in 1965. In the main marketing months of September-December, they are expected to fall below the 22.2 cents average of that period last year.

Egg production in January-March totaled 44.4 million cases, down 2 percent from a year earlier. The decline stemmed in part from a reduced rate of lay caused by the impact of severe winter weather on a national laying flock with relatively fewer pullets. On April 1, there were 295 million layers on farms, essentially the same as a year earlier.

Producers, in response to the favorable egg-feed price relationships this past fall and winter, are now taking steps to increase egg production. Replacement pullet chicks hatched in January-March numbered 82 million, up from 72 million a year earlier. And eggs in incubators on April 1 for egg-type chicks were up 12 percent. Egg production is likely to be at least back to year-earlier levels by the third quarter and significantly above in the fourth quarter.

Egg prices to producers in April averaged 38.3 cents per dozen, down 3.3 cents from March but up 5.4 cents from April 1965. Higher prices have resulted from a strong demand and from reduced egg supplies. Supplies

available to civilians for food in recent months have been down more than production because more eggs have been used for hatching and because military procurement and egg exports have been greater. Prices are expected to decline further in the face of seasonally large production but probably will continue above a year ago for the next couple of months. Larger egg production than last year is expected to limit any seasonal rise in egg prices in the second half. Thus, fourth quarter prices this year are likely to average much below the 38.7 cents of October-December 1965.

Wool

The outlook for the U. S. wool industry in 1966 includes moderately higher prices for U. S. shorn wool, due primarily to higher world wool prices. Also, compared with 1965, there will be slightly less domestic wool production, a moderate increase in mill consumption of apparel wool, and increased imports of raw wool and apparel wool products.

The higher price level now prevailing in world markets will likely result in domestic wool prices during 1966 averaging moderately above year-earlier levels. World wool consumption in 1965 was about the same as in 1964 while world wool production declined about 3 percent. World prices have been increasing since mid-1965 and in February 1966 were about 7 percent above a year earlier, but were still well below the high levels of 1964. During first quarter 1966, preliminary data show the average price received by U. S. growers for shorn wool to be over 5 percent above first quarter 1965. The season average price for U. S. shorn wool in 1965 was 47.1 cents a pound, or about 11 percent less than the 53.2 cents received in 1964. The average price in 1965 resulted in an incentive payment of \$31.60 for every \$100 of shorn wool marketed which will raise the average price received by producers up to the support level of 62 cents. The support level for 1966 marketings has been set at 65 cents a pound.

U. S. production of shorn wool will decline slightly in 1966 due to about a 1 percent decline in the number of sheep shorn. Shorn wool production during 1965 amounted to 213.6 million pounds. This was about 4 percent less than the 221.4 million pounds produced in 1964. Shorn and pulled wool production totaled 118.9 million pounds, clean basis, in 1965 and 123.9 million in 1964.

Mill use of apparel wool probably will total 290 to 295 million pounds in 1966 compared with 275 million in 1965. As a result of larger U. S. mill consumption, imports will likely total 170-175 million pounds, clean content, in 1966 compared with 163 million in 1965.

The expected increase in demand for wool by domestic mills also reflects a slight further increase in imports of apparel wool textile products during 1966. Net imports (excess of imports over exports) of semiprocessed and manufactured apparel wool textile products, excluding noils and wastes, during 1965 increased 33 percent to 77 million pounds, raw wool equivalent, from the 58 million in 1964. The import balance of noils and wastes during 1965 decreased 13 percent to 43 million pounds from 49 million in 1964.

CROPS

Wheat

The 1966 winter wheat crop is estimated at 1,110 million bushels, based on April 1 conditions. The acreage of spring wheat as indicated by the prospective plantings report would, with average yields, produce a crop of 281 million bushels. Thus, a total all wheat production of 1,390 million bushels can be expected, about 60 million larger than the 1965 crop. Adding the estimated 1966 production to the anticipated July 1, 1966 carryover, along with a small allowance for imports, would provide a total supply for the 1966-67 marketing year of around 1.9 billion bushels, about 200 million below that of current marketing year.

Prices received by farmers for the first 9 months of the present marketing year have averaged \$1.37 per bushel, 12 cents above the applicable loan rate. This compares with the \$1.36 per bushel average during July-March 1964-65 when the crop year loan rate was \$1.30. Market prices of most classes of wheat averaged from 10 to 20 cents above the loan rate during March.

Feed Grains

Total disappearance of feed grains during October-March was 11 percent above a year earlier and the largest of record for that period. Much of the increase was due to heavier exports which totaled nearly 15 million tons, more than 50 percent larger than a year earlier. Domestic consumption totaled 79 million tons, 6 percent more than in the first half of 1964-65. For the entire year domestic use is expected to be somewhat above the 130 million tons consumed in 1964-65, and exports probably will be around 25 percent above the 21.6 million tons of last year. Current prospects for increased utilization indicate some reduction in the feed grain carryover into 1966-67 from the 56-million-ton level at the beginning of 1965-66.

Stocks of feed grains on April 1 totaled 115 million tons, 1 million more than on that date of 1965. The 45 million tons under loan and owned by CCC was 13 million less than the year before, while the 70 million tons of "free" stocks were up 14 million from April 1965. Corn stocks on April 1 were 2,899 million bushels, only 37 million more than a year earlier. Stocks under the price support program and owned by CCC were down sharply last year, while stocks outside of the program were much larger.

Prices received by farmers for feed grains averaged 3 percent lower during October-April this year than in the same period of 1964-65. The larger "free" supplies of feed grains have been largely responsible for lower prices this year. Corn prices increased from 98 cents per bushel last November to \$1.16 in April. The April average was 11 cents above the loan rate, but 5 cents lower than a year earlier. "Free" supplies of corn appear to be more than adequate to meet requirements during the remainder of the marketing year. Although the level of prices after midyear will be influenced by prospects for the 1966 crop, present indications are for prices to continue below a year earlier this spring and summer.

The total quantity of 1965 feed grains placed under price support through March has been comparatively small, totaling 9.8 million tons, only 0.7 million more than the relatively small quantity placed in that period of 1964-65. This continues the reduced price support operations of the 2 previous marketing years. In both 1963-64 and 1964-65, prices were generally above loan rates, and deliveries to CCC were the smallest in recent years. The total quantity of 1965 feed grain deliveries to CCC also probably will be relatively small, since feed grain prices this year again are above the loan rates.

Feed grain acreage for 1966 was indicated at 121.5 million acres, on the basis of March 1 Prospective Plantings. This would be 2.1 million more than in 1965 but below actual plantings of other recent years and about 30 million acres less than the 1959-60 average, base period for the feed grain program. Through April 8, farmers had signed up to divert 34.7 million acres of feed grains to soil-conserving uses, about 2 million less than the total acreage signed for diversion in 1965. In most areas the signup period ended April 8, but in some areas it was continued through April 15. In 1965, farmers signed up to divert 36.7 million acres and actually diverted 34.7 million.

Oilseeds, Fats and Oils

The total supply of soybeans for the 1965-66 marketing year which began September 1, 1965, is placed at 873 million bushels compared with 769 million in 1964-65. Soybean disappearance continues at a record rate. So far, the greatest gain from a year ago has been in exports, although the crushing rate likely will show the larger gain during the second half of the marketing year. Soybean crushings for the entire 1965-66 marketing year are expected to total around 525 million bushels compared with 479 million in 1964-65. Factors responsible for this record grind include reduced supplies of butter and lard, greatly increased demands for both soybean oil and meal, small oil stocks, and lower yields of oil and meal per bushel. Soybean exports for the marketing year likely will total 15 to 20 percent above the 212 million in 1964-65. Total disappearance of soybeans (including seed, feed, and waste) for the entire 1965-66 marketing year is now expected to be around 825 million bushels, more than a tenth above 1964-65. Based on this disposition, carryover stocks of soybeans on September 1, 1966, will be close to 50 million bushels compared with the very small 30 million bushels of last September.

Soybean prices to farmers advanced from a low of \$2.31 per bushel last October to a seasonal high of \$2.78 in April 1966. During September-April 1965-66, prices averaged \$2.55 per bushel compared with \$2.70 for the year-earlier period. Soybean prices are expected to continue strong in coming months. The support rate for 1966-crop soybeans has been set at \$2.50 per bushel. This is an increase of 25 cents per bushel over the \$2.25 support level in effect during 1962-65.

During October-March 1965-66, U. S. exports of edible vegetable oils (cottonseed and soybean) were down around a third from the 1,047 million pounds exported in the year-earlier period. Although some pickup is expected over the balance of the marketing year, total exports (P.L. 480 and commercial) probably will be substantially below the record 2.0 billion pounds shipped abroad during 1964-65.

During October-April 1965-66, soybean oil prices (crude, Decatur) were relatively steady, averaging 11.5 cents per pound compared with 11.9 cents in the year earlier-period. Prices reached a seasonal high of 12.0 cents per pound in February 1966 and have declined somewhat since, averaging 11.5 cents in April, reflecting increased oil production and smaller exports. Cottonseed oil prices (crude, Valley points) during this period averaged 12.5 cents per pound compared with 12.2 cents a year ago. Cottonseed oil prices are strong this season, reflecting reduced supplies and increased domestic usage.

Fruit

While prospects for the 1966 deciduous fruit crop as of mid-April were generally favorable, the season had not advanced sufficiently to indicate probable production. Most fruit areas went through the winter with minimal damage to orchards.

The peach crop in the 9 Southern States is expected to be 12 percent above average--about the same as last year. A good fruit set is also indicated for California peaches. June and July prices can be expected to average close to last year's levels if the April 1 peach crop prospects materialize.

Production of early spring strawberries is considerably greater than last year and the 1960-64 average, due to a substantial increase in supplies from Louisiana. However, adverse weather in February retarded growth and delayed the start of harvesting of the Louisiana crop until late March. Strawberries from Alabama, Louisiana, Texas (early spring States) and California (mid-spring State) usually account for most of the fresh market volume during April. Prospective acreage from the mid-spring States is down somewhat from 1965. An important contributor to this decrease is the reduced acreage expectation in California, by far the leading strawberry producing State in the mid-spring group. Indicated acreage in the late-spring States is up moderately from last year. As of mid-April, crop prospects in both the mid-spring and late-spring States were generally good.

Citrus trees in all areas survived the winter in good condition. However, peak blooms for the new (1966-67) Florida orange and grapefruit crops were three to four weeks later than usual because of cold weather last winter. Harvesting of the 1965-66 U. S. citrus crop continues in large volume with remaining on-tree supplies of orange and lemons larger and those of grapefruit smaller than a year ago. The 1965-66 Valencia crop is expected to be 7 percent larger than last season with most of the gain occurring in Florida. Grower prices for oranges and lemons are generally below a year ago but those for grapefruit are above.

To mid-April of this season, utilization of oranges and grapefruit by Florida processors was much larger than a year ago. Packs of most canned and chilled citrus products were substantially greater than last year but frozen concentrate output was down substantially. Production of Florida orange concentrate from the Valencia crop will increase the total pack but finished-product yields will be reduced because of higher brix content, some drying of

fruit due to the January freeze and new finishing techniques adopted by the industry. Spurred by strong consumer demand, movement of citrus products has so far this season been extremely good. However, supplies of most citrus products with the exception of frozen concentrate are well above last year's levels. Prices for most orange products except frozen concentrate are expected to remain below the levels of a year ago. Grapefruit product prices will probably average close to the levels of last spring and summer.

Packers' stocks of major frozen and canned deciduous fruit items appear to be moderately to substantially below a year ago except for apple products and fruit cocktail which are considerably higher. April 1 cold storage holdings of apples and pears remain below year-earlier levels.

Commercial Vegetables

Fresh: Because of increased acreage and better yields, supplies of fresh vegetables are expected to be relatively large this spring. Prospective spring-crop tonnage is up substantially over last year, and moderately above the recent 5-year average. Among leading commodities, output of early-spring lettuce and tomatoes is expected to be sharply above that in 1965, and substantially more tonnage is in prospect for celery, sweet corn, broccoli, peppers, and spinach. Onions and carrots are the only major items expected to remain in tight supply. With supplies of many vegetables above those of last spring, prices are likely to average below the high prices of a year earlier.

Processed: Remaining supplies of most of the leading processed vegetables are smaller than a year earlier, and prices are relatively high. The principal exception is a weak market for frozen peas; supplies of this commodity continue in excess of needs. The generally strong market for processed vegetables over the last 18 to 24 months probably will result in a material increase in packs this year. Intentions reports show that processors are planning acreage increases for most commodities, with considerably larger plantings in prospect for tomatoes, sweet corn, beets, cucumbers for pickles, and green lima beans. Snap bean acreage may be up moderately, and there also may be more acres in green peas and contract cabbage for kraut. With average yields, total output on the intended acreages would approach the record set in 1962, which would mean ample to heavy supplies of canned and frozen vegetables in the 1966-67 marketing season. If current supply prospects materialize, wholesale and retail prices next season likely would average considerably below those of the current season.

Potatoes and Sweetpotatoes

Supplies of potatoes this spring are expected to total sharply above the tight supplies of last spring. Remaining old-crop stocks probably are up sharply because of many more storage potatoes available in the West. Storage supplies in other areas likely are smaller than a year earlier. New-crop output is expected to be above the large tonnage of last year. Due to more acreage, spring crops in the West probably will be up moderately from last year and substantially

above the recent 5-year average. Output in other regions also may be greater than in 1965, but about average. The prospective large supplies probably will result in considerably lower prices this spring than last. According to intentions reports, acreage for summer and fall harvest will be slightly larger than last year in the East and Midwest, and moderately larger in the West.

Sweetpotato marketings are declining seasonally. But remaining supplies probably are larger than the short supply of last spring, and prices are expected to remain much lower than a year earlier. Growers are planning a slight reduction in plantings this year. With recent average yields on the intended acreage, production would be down moderately from that in 1965.

Dry Beans and Peas

Because of a small crop in 1965, supplies of dry beans have been tight this season, and prices have averaged the highest in many years. Markets are expected to be strong until new-crop supplies become available in late summer. Early reports point to a sharp increase in production this year. In early March, growers reported plans to increase acreage slightly, and with average yields, production would be a third larger than that in 1965. With increased output more than offsetting a reduced carryover, dry bean supplies in the 1966-67 marketing season would be record large. Supplies of all leading white and colored classes would be up sharply, and prices probably would average materially below this season's high levels.

Dry pea supplies appear to be above average, but smaller than a year earlier. Although markets weakened a little in late winter because of a slow foreign demand, prices to growers continue well above the distress prices of last season. Farmers plan a moderate acreage increase this year, but with average yields, production would be about the same as in 1965.

Cotton

Planting intentions for the 1966 crop, as of March 1, have been indicated at 10.9 million acres of all kinds of cotton (10.8 million of upland cotton). This is down 23 percent from the 14.2 million acres planted in 1965 and the smallest acreage since the 1870's. Upland cotton acreage this year is being reduced sharply because of participation in the 1966 program. Except for small farms, a reduction of at least 12.5 percent from each farm's share of the 16.2-million acre national allotment is required for participation in the 1966 program. Producers may divert up to 35 percent of their farm allotments and many are electing to do so.

Mill consumption of all kinds of cotton during the first 7 months of the current crop year was up 3 percent from the same months a year earlier. For the full crop year (August 1965-July 1966), mill use is expected to total about 9½ million bales (9.3 million upland cotton), up 0.3 million from 1964-65 and the highest level of mill use since 1952-53. Large use this year is resulting from increased demand for textile products for both civilian and military uses, and from the improved competitive price position of cotton relative to man-made fibers, particularly rayon and acetate fibers.

U. S. cotton exports during August-February totaled about 1,997,000 bales, down only 157,000 bales from the same months a year earlier. However, exports are expected to be at low levels during the remaining months of this crop year. The decline in exports is primarily attributable to a working down of cotton stocks in foreign Free-World countries. Production and consumption of cotton in these countries are expected to change little from a year earlier.

Carryover of all kinds of cotton in the United States on August 1, 1966, is expected to total around 16.7 million bales (16.5 million upland cotton). This estimate is about 2.4 million bales higher than the carryover last August and compares with the previous record high of 14.5 million in 1956.

Tobacco

In 1965, U. S. smokers consumed a record 529 billion cigarettes-- $3\frac{1}{2}$ percent more than in 1964. Consumption per capita (18 years and over) rose about $1\frac{1}{2}$ percent over 1964, but was nearly 2 percent below the 1963 peak. Of total output in 1965, filter tip cigarettes comprised $64\frac{1}{2}$ percent of the total; in 1964, filter tips accounted for about 61 percent.

As a result of price actions in March 1966, manufacturers' prices of most cigarette brands (net of Federal excise tax and trade discounts) were advanced about 4 percent. National data are not as yet available on resulting adjustments in retail prices.

Consumption of cigars and cigarillos in 1965 was down 5 percent from the 1964 record high, but was 19 percent above 1963. Consumption of smoking tobacco (mainly for pipes), which had also spurted in 1964 following publication of the smoking-health report early that year, dropped 15 percent in 1965 to near the pre-report level.

Exports of unmanufactured tobacco in 1965 totaled about 528 million pounds (farm-sales weight)--about a tenth below the 9-year high during 1964 and over 4 percent below the 1954-63 average. A major part of the decline was due to reduced shipments to the United Kingdom, leading foreign market for U. S. leaf. In the year ending June 30, 1966, tobacco exports may be moderately above fiscal 1965. Shipments of flue-cured (the principal export class) in the current marketing year are expected to exceed those in 1964-65. The United Kingdom and many other countries have banned imports of Rhodesian tobacco following the unilateral declaration of independence there last November. Until the issues between the United Kingdom and Rhodesia are resolved, the tobacco export situation will remain clouded.

Government price support levels for eligible 1966 tobaccos are about 2 percent higher than for 1965. The increase results from the rise in the parity index, based on the comparison of its average for the 3 most recent years (1963-65) with 1959, as specified by law. The parity index measures changes in prices of commodities and services commonly bought by farm families. In the 4 years previous to 1966, support levels for tobacco rose about 1 percent a year.

In 1966, flue-cured tobacco--the leading kind--will be grown under the acreage-poundage program for the second year. Based on prospective acreages and average yields (with an allowance for trend as modified by restraints of the acreage-poundage program), the 1966 crop of flue-cured tobacco would be about a tenth above the previous year's small harvest. The 1966 acreage intentions compared with last year's harvested acreage indicate that growers are increasing this year's acreage to compensate for a considerable part of 1965 undermarketings. The 1966 crop marketings, plus an expected carryover in mid-1966 around 7 percent lower than a year earlier, may provide a 1 percent smaller total supply for 1966-67 than 1965-66, and about a 5 percent reduction from the 1964-65 high.

Burley growers, voting in a March 10, 1966 referendum, disapproved acreage-poundage quotas for the 1966, 1967, and 1968 crops. About 57 percent of those voting favored acreage-poundage quotas, short of the more than two-thirds favorable vote necessary to place an acreage-poundage program in effect. The acreage allotment program thus remains in effect for 1966 and 1967 burley, as growers approved marketing quotas on an acreage basis for these crops in a previous referendum. The 1966 acreage allotments for farms not covered by special provisions applying to small allotments were reduced 15 percent below 1965. Based on prospective 1966 acreage and average yields adjusted for trend, the 1966 crop of burley tobacco would be about 7 percent below 1965-crop marketings. Adding expected reduced carryover, the 1966-67 supply of burley would be about $3\frac{1}{2}$ percent below 1965-66 and about 5 percent below the 1964-65 high.

The 1965-66 supply of Maryland tobacco is above any previous year. Auctions for the 1965 crop began April 12 and are scheduled to continue through July 1. Prices through April 29 averaged 69.0 cents per pound, compared with 63.7 cents a year earlier. Though prices for a majority of grades were higher than a year ago, the overall price gain was chiefly due to marketing of a larger proportion of better quality grades. The 1965 crop is receiving Government price support at an overall level of 52.8 cents a pound, since it was produced within the marketing quota and acreage allotment program. However, the 1966 crop (to be marketed mostly in 1967) will not receive price support, since Maryland growers disapproved marketing quotas for the 1966-68 crops last February.

Intended 1966 acreages of fire-cured, dark air-cured, cigar filler tobaccos and Georgia-Florida cigar wrapper are down moderately from last year's harvested acreages; for the cigar binder and Connecticut Valley cigar wrapper tobaccos, only a small decline or no change is indicated.

Table 8.--Economic factors affecting agriculture, 1929, 1941, 1947 and 1952-65

Item	1929	1941	1947	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965 ^p
Unit or base																	
Gross national product, total 1/	103.1	124.5	231.3	345.5	364.6	364.8	398.0	419.2	441.1	447.3	483.6	503.8	520.1	560.3	589.2	628.7	676.3
Personal consumption expenditures	77.2	80.6	160.7	216.7	230.0	236.5	254.4	266.7	281.4	290.1	311.2	325.2	335.2	355.1	373.8	398.9	428.7
Durable goods	9.2	9.6	20.4	29.3	33.2	32.8	39.6	38.9	40.8	37.9	44.3	45.3	44.2	49.5	53.4	58.7	65.0
Nondurable goods	37.7	42.9	90.5	114.0	116.8	118.3	123.3	129.3	135.6	140.2	146.6	151.3	155.9	162.6	168.0	177.5	189.0
Services	30.3	28.1	49.8	73.4	79.9	85.4	91.4	98.5	105.0	112.0	120.3	126.7	135.1	143.0	152.3	162.6	174.7
Gross private domestic investment	16.2	17.9	34.0	51.9	52.6	51.7	67.4	70.0	67.8	60.9	75.3	74.8	71.7	83.0	86.9	92.9	105.7
Net exports of goods and services	1.1	1.3	11.5	2.2	.4	1.8	2.0	4.0	5.7	2.2	.1	4.1	5.6	5.1	5.9	8.6	7.1
Government purchases of goods and services	8.5	24.8	25.1	74.7	81.6	74.8	74.2	78.6	86.1	94.2	97.0	99.6	107.6	117.1	122.6	128.4	134.8
Federal (less Government sales)	1.3	16.9	12.5	51.8	57.0	47.4	44.1	45.6	49.5	53.6	53.7	53.5	57.4	63.4	64.4	65.3	66.6
State and local	7.2	7.9	12.6	22.9	24.6	27.4	30.1	33.0	36.6	40.6	43.3	46.1	50.2	53.7	58.3	63.1	68.2
Implicit price deflator for GNP	50.6	47.2	74.6	87.5	88.3	89.6	90.9	94.0	97.5	100.0	101.6	103.3	104.6	105.7	107.1	108.9	110.9
Industrial production, total 2/	1957-59=100:	38	56	66	84	91	86	97	100	101	94	106	109	110	118	124	132
Total civilian employment 3/	Millions	47.6	50.4	57.8	61.0	61.9	60.9	62.9	64.7	65.0	64.0	65.6	66.7	66.8	67.8	68.8	70.4
Nonagricultural employment	do.	37.2	41.2	49.6	54.2	54.4	54.4	56.2	58.1	58.8	58.1	59.7	61.0	61.3	62.7	63.9	65.6
Unemployment	do.	1.6	5.6	2.4	1.9	1.9	3.6	2.9	2.8	2.9	4.7	3.8	3.9	4.8	4.0	4.2	3.9
Income:																	
Nonagricultural payments 1/	Bill. dol.	77.6	87.8	173.0	254.1	271.9	274.7	296.4	318.5	336.6	344.3	368.5	385.2	400.0	425.5	447.4	478.7
Production-worker payrolls 4/	1957-59=100:	20.0	30.7	60.3	84.5	93.6	85.4	94.8	100.2	101.4	93.5	105.1	106.7	105.4	113.8	117.9	124.2
Weekly earnings of production workers in manufacturing 4/	Dollars	24.76	29.48	49.17	67.16	70.47	70.49	75.70	78.78	81.59	82.71	88.26	89.72	92.34	96.56	99.63	102.97
Durable goods	do.	26.84	33.56	51.76	72.63	76.63	76.19	82.19	85.28	88.26	89.27	96.05	97.44	100.35	104.70	108.09	112.19
Nondurable goods	do.	22.47	24.39	46.03	59.95	62.57	63.18	66.63	70.09	72.52	74.11	78.61	80.36	82.92	85.93	87.91	90.91
Agricultural trade:																	
Domestic exports	Bill. dol.	1.7	.7	4.0	3.4	2.8	3.1	3.2	4.2	4.5	3.9	4.0	4.8	5.0	5.6	6.3	6.2
Imports for consumption	Bill. dol.	2.2	1.7	2.8	4.5	4.2	4.0	4.0	4.0	4.0	3.9	4.1	3.8	3.7	4.0	4.1	4.1
Prices: 4/																	
Wholesale prices, all commodities	1957-59=100:	52	48	81	94	93	93	93	96	99	100	101	101	100	101	100	102
Commodities other than farm and food	do.	52	50	75	89	90	90	92	96	99	100	101	101	101	101	101	102
Farm products	do.	64	50	109	117	106	104	98	97	99	100	97	96	98	96	94	98
Food processed	do.	54	47	91	101	97	98	94	94	98	103	99	100	101	101	101	105
Consumer price index 6/	do.	60	51	78	92	93	94	93	95	98	101	102	103	104	105	107	110
Food	do.	56	44	81	97	96	95	94	95	98	102	100	101	103	104	105	109
Prices received by farmers 7/	1910-14=100:	148	124	276	288	255	246	232	230	235	250	240	238	240	242	246	248
Crops	do.	135	108	263	267	240	242	231	235	225	223	222	222	227	232	239	232
Livestock and products	do.	139	138	288	306	268	249	234	226	244	273	256	253	251	245	235	261
Prices paid, interest, taxes and wage rates 7/	1910-14=100:	160	133	240	287	277	278	276	278	287	294	298	300	302	307	312	321
Items used in living	do.	154	130	237	271	269	270	270	274	282	287	288	290	291	295	298	300
Items used in production	do.	146	130	224	274	256	255	251	250	267	264	266	265	266	270	273	270
Parity ratio	do.	92	93	115	100	92	89	84	83	82	85	81	86	79	80	78	77

1/ U. S. Department of Commerce, 2/ Federal Reserve Board, 3/ U. S. Department of Labor, old definition used for 1929 and 1941, 4/ U. S. Department of Labor.

5/ U. S. Department of Agriculture, Foreign Agricultural Service, 6/ Beginning 1964, new series, 7/ U. S. Department of Agriculture, Statistical Reporting Service.

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